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# STATEMENT

by

The Steel Company of Canada, Limited

to

The Parliamentary Committee  
on Industrial Relations

JULY 22, 1946

[ ]



## STATEMENT

Our Company is very glad to have the opportunity to place its position before the people of Canada through your Committee and gives you its assurance that it will co-operate with you fully in your deliberations in the hope that a practical and useful conclusion may be reached. May I express my regret that family obligations prevented me from appearing earlier, but the delay was unavoidable.

We find ourselves in the midst of a strike against the government and contrary to the welfare of the citizens of Canada as a whole. The fact that the Union will not permit coal to be unloaded at the Soo is an indication of its callous disregard of the public at large. As a result of the coal strike in the United States, and the Seamen's strike in Canada, it will be impossible to bring in sufficient coal to supply the needs of Central Canada next winter during the present season of navigation. Every cargo of coal which might have been unloaded at the Soo, and is not, will do that much more to intensify the discomfort Canadian citizens will probably suffer this coming winter. Notwithstanding the strike, well over two thousand production employees are still in our Hamilton Works on this, the ninth day since access to the plant was barred by illegal mass picketing. As a result of their determination to exercise their rights to work and to obey the law of Canada, these men are being forcibly deprived of every other civil liberty and right.

However, ore and coal cargoes are being unloaded as received. Coke production has been maintained steadily at approximately 85 per cent of capacity. The larger of the two blast furnaces in operating condition when the strike was called has been producing pig iron consistently at a rate somewhat better than average. Daily ingot production has been approximately two thousand tons, which is 65 per cent of normal maximum output and—which is most significant—about one-third above the maximum pre-war daily production. The entire production of ingots has been rolled in the bloom and billet mills, and the rod mill, plate mill and one bar mill have operated daily. This will give you an indication of what is being done by our loyal employees in spite of tremendous obstacles to support the general situation toward which we feel a very keen responsibility insofar as supplies of steel are concerned.

Before proceeding with a discussion of the specific demands made by the United Steelworkers of America (C.I.O.), Local 1005, it is desirable that I give you a brief resumé of the history of our labour relations including our experience with Local 1005.

In the thirty-six years since this Company was formed, in 1910, it has never experienced a strike against Hamilton Works as a whole until the present one, and in the past twenty-five years has only experienced one departmental stoppage on account of strike action. For many years before the war, this Company paid higher rates of wages than either of its competitors involved in this dispute, which was only suitable and proper because of the comparative economic conditions in the respective locations of the three primary steel plants. Following the 1943 strike,



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advances were made in wage rates at Sault Ste. Marie and Sydney. Our men did not strike and remained steadfast in their duty to maintain production of steel required for prosecution of the war without any interruption. We immediately applied to the Ontario Regional Labour Board for permission to restore the differentials wiped out by these advances and which previously prevailed between rates paid at Hamilton and those in effect at the other two steel plants. This request was granted. However, a further application was made by the Algoma employees to equalize basic rates paid at Algoma and Stelco, which was subsequently granted by the Government Board. This made it apparent that a continuation of such a see-saw would be contrary to the Government's policy of stabilization, and we had to waive this advantage of higher wages formerly enjoyed by our employees. Our basic rate has, therefore, remained stationary since that time.

It is emphasized that The Steel Company of Canada, Limited has not been and is not opposed to collective bargaining, nor is it opposed to the principle of trade unionism. Some years ago an Employee Representation Plan was inaugurated to provide means for an exchange of views between the employees and management on wages, working conditions or any other matters of mutual interest to employees and employer. Personnel officers have been available to employees for consultation for many years. We have no quarrel with unions as such. We put no impediment in the way of our employees joining any association they choose. We do, however, protest against the policy of coercion and violation of the law which has prevailed since the C.I.O. started operations fostered by one-sided labour legislation in the United States. Fortunately we do not have the same kind of labour laws in this country, but we are rapidly allowing the infiltration of U. S. methods and control to destroy the autonomy of the Canadian Government in labour matters. Certainly anyone will admit that we are witnessing, in these times, acts which would have met with immediate corrective action by the authorities only a few years ago. A high official of the British Union embracing the steelworkers there is said to have stated, during a recent visit to the United States, that the difference between labour conditions there and in England seemed to be that, in the United States the C.I.O. strike first and then negotiate, whereas in England they negotiate first and hardly ever strike.

In addition to having paid the highest rates of wages in the Canadian primary steel industry as long as we were free agents, we have, from time to time, provided added advantages to our employees in various forms. The cost of these plans over and above the high wages paid has been substantial. In 1919 a non-contributory pension plan was inaugurated to the support of which, up to date, the Company has irrevocably transferred \$4,346,120. Under the provisions of this plan there are 210 retired employees now receiving pensions.

In 1928 a Benefit Plan for Employees was instituted which provides unusual returns to employees in proportion to their contribution of 70c a month. This plan provides for those employees stricken by illness or non-industrial accidents the following:



\$10 per week disability benefit after the first seven days' disability.

The service of doctors, surgeons or specialists as they may be required.

Three weeks' semi-private hospital accommodation for any one illness.

Miscellaneous hospital charges such as operating room fees, laboratory fees and so forth.

In addition to these features, \$500.00 group life insurance is carried for each member of the plan. An additional \$5.00 per week disability benefit and \$500.00 additional group life insurance, making a total of \$1,000.00, are obtainable at very slight additional cost. The cost of this plan over and above employee contributions is borne by the Company and it amounts to somewhat over half the total cost.

The Company commenced granting holidays with pay in 1935, and the original plan has been extended from time to time since.

During recent years a special wartime Christmas bonus of \$25.00 has been paid to every payroll employee shortly before Christmas.

Very soon after the outbreak of war the Company put a Military Service Benefit Plan into effect which provided for all those employees who had been in our service six months or more when war was declared and who enlisted for active service in any of the armed forces an assurance of their job when they returned, maintenance of their group life insurance for the duration of their war service by the Company, credit for service with the Company during the entire period of their absence just as though they were working, and an amount equivalent to 15 per cent of normal earnings while absent from the Company up to a maximum of \$250.00 a year was set up for each employee who qualified. Many employees who enlisted early in the war drew benefits well in excess of \$1,000.00 to aid them in their re-establishment in civil life upon their discharge from the services. This plan was inaugurated considerably in advance of the Dominion Government's legislation on the subject.

I believe I should point out at this time that our practice of paying high wages, establishment of the pension plan, benefit plan and the inauguration of holidays with pay all took place long before the C.I.O. appeared on the scene.

The record of continuous service with the Company is ample evidence of its excellent labour relations policy. Particulars of the length of service of the employees of Hamilton Works are as follows:—

25 years and over .....	559
20 years to 25 years .....	392
15 years to 20 years .....	511
10 years to 15 years .....	517
5 years to 10 years .....	1,006
<i>Sub Total</i> .....	2,985
Up to 5 years .....	2,313
<i>Grand Total</i> .....	5,298

It is significant that the total number of employees September 1, 1939, was 2,864 in comparison with the figure of 2,985 present employees who have been in the Company's employ five years or more — in other words, those employees with less than five years' service are accounted for almost entirely by the increase in staff since 1939. This history of employees staying with the Company is also demonstrated by the following analysis of the employees of this plant September 1, 1939.

Total number of employees Sept. 1, 1939.....	2,864
No. of these employees still employed Feb. 15, 1946....	2,347
No. of these not yet returned from the armed services at that date .....	34
No. of deaths Sept. 1, 1939, to Feb. 15, 1946.....	219
No. retired on pensions since Sept. 1, 1939, and living Feb. 15, 1946 .....	68
Total .....	<u>2,668</u>
Difference representing those in our employment Sept. 1, 1939, who left for other reasons between that time and Feb. 15, 1946 .....	196 or 6.8%
Total .....	<u>2,864</u>

An interesting deduction can also be made from the fact that many employees are relatives of others in the employ of the Company. As of February 15, 1946, there were employed at Hamilton Works:—

- 463 sons of other employees
- 165 brothers of other employees
- 97 nephews of other employees
- 157 in-laws of other employees
- 38 cousins of other employees

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920 total relatives out of a total of approximately 5,000.

These figures on continuity of service with the Company and relatives in its employ speak for themselves.

With regard to safety, the record at Hamilton Works is particularly good. The figures of the Industrial Accident Prevention Association show that, in the particular group in the Province of Ontario which includes Hamilton Works, compensation cases were 3.43 per 100 employees, while our record was 1.89.

Finally, had the attitude and policies of the Company toward its employees not been considered fair and reasonable by many of them, there would not be over 2,000 men working willingly in the plant today, with many more wanting to join them.

The Union commenced its active organization campaign as long ago as 1937. During the intervening years a constant campaign has been carried on to disrupt the good relationships which have always existed between the employees of the Company and its management. In order to accomplish this end, misrepresentation of facts and accusations of bad faith on the part of the Company's officials were constantly resorted to.



In order to create a feeling of distrust, hand bills have been passed out at the gates of the plant during all these years. Typical samples are available for inspection by any member of the committee who cares to see them. In many cases they are the only specimens we have on file, so it is impossible for me to leave them with the committee. Approximately nine months ago, in preparation for the strike just called, the Union instituted a series of weekly broadcasts over Station CHML in Hamilton. In these broadcasts a studied effort has been made to discredit the Company in the eyes of both its employees and the public. They have been replete with statements which were misleading and, in some cases, utterly false. Notwithstanding this, our employees evidenced very little interest in the C.I.O. and even today, in proportion to the intensive efforts put forth by the Union during recent months, I suspect true membership in good standing to be highly unsatisfactory to the Union organizers.

The Union testified in the Ontario Labour Court in the autumn of 1943 that its membership in good standing was 259 out of approximately 4,650 eligible employees. As recently as May 8 an official count of membership in good standing carried out under the supervision of an official of the Department of Labour showed 2,256 such members out of a total of 4,868 employees.

Following the hearing before the Ontario Labour Court just referred to, a vote, supervised by that court, was taken at Hamilton Works in which, out of 4,450 eligible to vote, 3,790 actually did so, and of them 2,461, or 55 per cent of the total eligible, voted in favour of the C.I.O. They were, accordingly, certified and after lengthy negotiations a collective bargaining agreement was signed which expired February 24, 1946. Discussions concerning a new agreement commenced January 3, 1946. Notwithstanding the fact that, only a year previously after lengthy negotiations, an agreement acceptable to both parties was reached and signed, the Union insisted upon an entirely new agreement containing many features highly objectionable to the Company. As an example, the Union insisted on deletion of a no-strike clause during the term of the contract in this new agreement. They refused to agree to a clause prohibiting strikes over wages and hours of work while present wage ceilings, imposed by the Government, prevailed. According to the press, this prompted Judge Miller, acting as chairman of a Conciliation Board, to ask the Union whether it is prepared to abide by the law. The Union is said to have refused to give a direct answer. Of what value to a company can a collective bargaining agreement be if it does not assure continuance of production during its life, provided its terms are lived up to? In addition to this complete contract revision, the publicized demands of an increase of 19½c an hour, a 40-hour week, two weeks' holidays with pay after five years' service, shift differentials of 5c and 10c an hour, and union security were presented. Between the first meeting and April 1 five meetings took place. The Union refused to budge one iota from this schedule of demands which, for Hamilton Works only, would represent an increase in cost estimated at \$3,360,000 per year. In a Union broadcast on January 22, the Research Director of the United



Steelworkers of America made the statement that acceptance of the Union demands by the Company would only involve \$481,000 a year. Little progress was made toward composing the divergent views concerning other features of the contract they submitted. A commissioner was appointed as a result of an application by the Union and since he found it impossible to obtain any concessions in their demands from the Union, he recommended to the Minister that a Board of Conciliation be established. Notice that this Board would hold its first meeting April 8 under the chairmanship of Judge Miller was received April 2. During this and subsequent hearings, however, the Union still adhered rigidly to its publicized and excessive demands. Early in May a strike vote among Union members only was taken at Hamilton Works in which the Union alleges 3,114 voted in favour of a strike. It is worthwhile emphasizing that this strike vote was taken while the Board of Conciliation was sitting as it indicates the determination of the Union to enforce its entire series of demands rather than bargain collectively on behalf of the men it represents in the true spirit of the term "bargain."

On June 12 the Government announced the appointment of The Honourable Mr. Justice Roach of the Supreme Court of Ontario as a Commissioner under Order-in-Council P.C. 4020. This announcement was met by the Union with the threat that, unless a settlement of their wages and hour proposals was made by a deadline, a strike would take place. The deadline was subsequently set at July 12.

Prior to the appointment of Mr. Justice Roach, the Company had made a counter-offer of 51½c an hour and two weeks' vacation with pay to employees with ten years of service and more which, for Hamilton Works, would represent several hundred thousand dollars additional cost a year. This was scoffed at by the Union as not worth consideration. Subsequently, during the proceedings before the Commissioner, this offer was increased to 10c an hour accompanied by two weeks' vacation with pay to employees with five years of service or more. This was also ridiculed by the Union as being niggardly. The only counter-proposal advanced by the Union was one that their demand be met in large part immediately and in its entirety within two or three months. On July 8 and 10, notices were posted throughout the plant advising employees of these offers. Copies of both notices are attached as Exhibits A and B. On July 10 I telegraphed the Minister of Labour as follows:

"This Company has made wage and vacation offers to its Hamilton and Ontario Works employees which are eminently fair under the circumstances existing and which will result in average hourly earnings of ninety-seven cents per hour, an increase of thirty cents per hour or 45 per cent since September 1939 STOP In case of minimum wage employees of whom there are less than 10 per cent corresponding increase in hourly earnings would be 60 per cent STOP The offer includes two weeks' vacation with pay after five years' service and three weeks' vacation with pay after 25 years STOP This offer has been communicated to employees by notices posted throughout the plant yesterday morning STOP According to reports reaching me



many employees both Union and non-Union of which latter group there are many are most anxious to avoid a strike and consider the offers made acceptable STOP Under conditions existing they have no opportunity to express an opinion on this matter so vital to them STOP I urge as strongly as I can that you arrange at once for a secret ballot of all employees affected as to whether they will accept the offer made STOP This ballot should follow the method used in voting for certification under the Ontario Labour Court with scrutineers representing both Union and Company and under the supervision of officers of your department or the Ontario Department of Labour STOP If United Steelworkers of America mean all they say about democratic collective bargaining they will accept this fair proposal without delay."

According to press reports, the Union protested very emphatically against this eminently fair offer to have a supervised secret ballot conducted on a matter so vital to every employee as the question of whether an offer should be accepted or a strike be declared. I do not recall that this protest was supported by any reasons. I believe that, if a vote could be taken today among all employees inside the plant and outside the plant, the result would be overwhelmingly in favour of acceptance of the Company's offer and a return to work.

The charge has been made repeatedly that the Company has been hampering collective bargaining on the subject of wages or stalling with intent. Prior to the advance in steel prices made effective April 1, concerning which I will comment later, the Company's position was that it could not consider any further advance in wages which had already increased approximately 35 per cent during the war and still maintain prices at the levels established in 1939 and earlier. Immediately after the announcement of this price increase on April 2, the Union wrote us offering to negotiate on the subject of wages and hours in view of the altered circumstances. On April 4 we replied, stating that we were prepared to discuss these matters with them at any mutually convenient time. Notwithstanding this, we heard absolutely nothing from the Union for approximately three weeks. By that time, the Conciliation Board, under Judge Miller, had reached the conclusion that it would be impossible for them to reach any settlement between the parties until the question of wages had been settled and he strongly urged the Union to reopen negotiations in an attempt to reach a mutually satisfactory figure which could be submitted to the Regional War Labour Board in a joint application. As a result of this pressure from the Chairman, a meeting took place April 30 or twenty-six days following our letter stating that we were prepared to negotiate on this important matter. I ask you very bluntly whether this indicates an anxiety on the part of the Union to attempt to reach any settlement. In all my experience any time an employer has evidenced willingness to discuss an increase in wages, there has been no similar delay on the part of employees or their representatives. It is apparent from the course followed by the Union which has been briefly sketched—



(a) That, when the strike took place, it was over three and a half months since the Company advised the Union in writing that it was prepared to attempt to negotiate a mutually satisfactory wage increase subject to existing laws.

(b) During that time the Union made no serious attempt to fulfil the responsibility toward the employees of Hamilton Works which it assumed when it applied for and received certification as their bargaining agent. It has remained adamant in its attitude of you give us *everything* we demand or else. On the other hand the Company has offered to meet the wage demand of the Union slightly more than half way and conceded their demand regarding holidays.

(c) The unyielding attitude of the Union that their demands must be met in full or they will tie up large sections of Canadian industry regardless of the effect upon the public is not collective bargaining and is contrary to the spirit and intent of the Canadian labour laws, which safeguard the rights of labour to organize and bargain collectively.

In so far as the advance in prices permitted by the Wartime Prices and Trade Board after lengthy investigation by them is concerned, this action on their part was absolutely essential if the steel industry in Canada was to function on a commercial basis and be in a position to fulfil its responsibilities to the country. It was long overdue and was not made until after similar action had been taken in Great Britain, Australia and the United States. The situation which prevailed with regard to steel prices during the war differed from that applying to many other industries in that, on September 12, 1939—only a few days after the declaration of war—Mr. R. C. Vaughn, in his capacity as Chairman of the Defence Purchasing Board, requested the major Canadian steel producers to maintain prices at the levels existing at that time. The three steel companies involved in the present strike gave willing consent immediately for all realized, even at that stage of the war, the extreme importance of avoiding inflationary influences. In February, 1942, the Steel Controller gave permission to increase certain prices which was taken advantage of to a limited extent only by our Company. As a result, most of the prices being charged by us April 1, 1946, were established under conditions existing in 1939 and earlier. Between the outbreak of war and the Fall of 1941 when the Wartime Prices and Trade Board froze prices, the cost of practically everything we required to buy increased substantially and, furthermore, after price ceilings were established, increases in costs of materials and supplies continued in the case of purchases beyond the control of the Wartime Prices and Trade Board and, in some instances, price advances were granted to our suppliers by the Board as well. We estimate that, for the Company as a whole, the present effect of increases in wages and salaries made since September 1939 comes to approximately \$3,800,000 per year based on the present number of employees. Increases in the delivered cost of coal, iron ore, scrap, fuel oil, and other materials and supplies brought the total increase in the annual cost of production to well over twice the effect of the price advances allowed at the time they were granted April 1. Since that time

the price of coal has advanced 40 to 50 cents a ton at the mine as the result of the wage advances which terminated the coal strike, the price of iron ore has increased by 50 cents a ton, and a temporary increase in freight rates has been granted the railways in the United States with the prospect that, following hearings either taking place or pending, there will be a general advance in freight rates of at least 10 per cent and possibly 15 per cent. Mr. Vaughn, the President of the Canadian National Railways, testified not long ago that declining traffic would require higher freight rates in Canada to meet increases in operating cost which have occurred during the war. It will be realized from this brief recital that price advances allowed fall far short of matching cost increases which have occurred and which are in prospect.

With respect to the demands made by the Union, our views are as follows:

WAGES: As is well known, the Union demand is for an increase of 19½c an hour. The wages paid by the Company are good wages based on any comparative Canadian figures. Our present average hourly earnings for all payroll employees are approximately 87c an hour. In comparison, the Dominion Bureau of Statistics gives an average of 72½c an hour for manufacturing in the City of Hamilton. The Union, by its repetition of the figure of \$33.60 a week, has attempted to create the impression that a large number of our employees receive weekly wages less than this amount—in fact, in a booklet they have prepared and distributed widely, a statement is made which would lead the public to believe that there are relatively few skilled employees in the steel industry. Nothing could be farther from the truth. At Hamilton Works, this figure of \$33.60 should be related to unskilled labour from whose ranks men are promoted to more skilled and better-paid jobs as there are openings and as they gain the necessary experience and knowledge for these better jobs. Substantially less than 10 per cent of all Hamilton Works' employees are in this minimum classification and, even at that, our present minimum weekly wage of \$30.98 is only a few cents below the average weekly wage of \$31.39 a week paid in *all* manufacturing in Hamilton, according to Government statistics. Under the Company's offer as set forth in Exhibit A, the minimum weekly wage would be \$35.76.

Since the outbreak of war, our basic or minimum hourly rate has increased by 39 per cent and, if the Union's demand were granted in full, it would result in an increase of 80 per cent above the pre-war figure. The Company's offer of 10c an hour would result in an increase of 60 per cent during the same time. When this offer is compared with a rise in the cost of living index of approximately 22 per cent, surely it cannot be claimed that it does not keep pace with this index even after ample allowance for the Union's claim that the Government index is not truly representative of conditions, for which claim there is probably justification. The Company's offer of 10c an hour across the board would mean an increase in annual take-home pay for every full-time employee of approximately \$240.00. Again quoting from the Dominion Bureau of Statistics, average hourly wages paid in manufacturing in Ontario for



the month of April were 71.1c an hour compared with Hamilton Works' average for the same month, 87.2c an hour. On a weekly basis, the average earnings of all employed in manufacturing in Ontario were \$33.41 compared with our weekly average earnings of \$38.32 during April.

If organized labour in industry is going to force costs of production to such a point that the 75 per cent of our people earning their livelihood in other ways cannot buy the products of manufacturers, the net result can only be diminishing employment. Nothing could be more inconsistent than the condition reported in the United States where, on the one hand, costs and prices are being forced upward by heavy wage increases and, at the same time, certain unions are advocating buyers' strikes which will reduce production and cause unemployment. The importance of hourly wage rates paid is entirely secondary to the amount earned annually by steady work. Labour must realize that it can price itself out of a market and that the best wages are not necessarily the highest wages but the wages which will result in maximum continuous employment.

Finally, it should be understood that although the effects of the general business cycle are felt by the steel industry, it is not subject to seasonal fluctuations like many industries but operates continuously throughout the year.

**HOURS OF WORK:** The Union requests a reduction to forty hours per week as the standard work week in place of the present standard of forty-eight hours. Among the reasons given are fatigue. In this connection it should be pointed out that they are not requesting a reduction in the hours worked per day but one less working day per week. It should be emphasized that the combination of a reduction of forty hours' work per week and a 19½c per hour increase as demanded by the Union would result in an actual decrease in weekly pay to approximately 20 per cent of our employees who are the most highly skilled and experienced in the organization. A reference to Mr. Gillies' notice, Exhibit A, will make this clear. There are many other serious objections to a forty-hour week in the steel industry. The equipment necessary to produce steel products in qualities which are competitive and, at the same time, do it economically is extremely expensive. As an example, the hot strip mill recently completed by the Company has cost practically ten million dollars. Unless such expensive machinery is kept operating, capital charges become excessive. What the country needs more than anything else at the present time is more production rather than less. This is being recognized by most labour leaders at the present time. President Green of the American Federation of Labour is quoted as having said recently: "Wage earners can best stabilize their wage dollars by helping to increase volume of production." His advice to his members is to turn out all the goods they can to help flood the market with products and, thus, through the force of competition, to bring down prices today. It is also important to consider that only approximately 25 per cent of the population of Canada gain their livelihood from manufacturing. Very few of the remainder could, even if they tried, improve their standard of living by working fewer hours.

In the steel industry it is necessary that many departments be operated twenty-four hours a day seven days a week because of their nature. The forty-eight hour week is maintained by providing relief men who are scheduled in such a way that no man regularly works more than six shifts of eight hours per shift per week. In addition, wherever work is continuously of a hot, heavy nature, spell hands are provided so that in some cases men actually work only half the time for which they are paid, and others a somewhat greater proportion.

**VACATIONS WITH PAY:** Since the Company has already offered to meet the Union's demand in this regard, no comment is required. It might be stated in passing, however, that two weeks' vacation with pay is the equivalent of approximately a four per cent increase in pay as far as cost to the Company is concerned if the places of those on vacation are filled by substitutes to maintain production.

**SHIFT DIFFERENTIALS:** The Union has demanded that, in addition to the  $19\frac{1}{2}c$  an hour demand, a  $5c$  premium be paid for the shift from 3 o'clock until 11 o'clock at night, making an increase of  $24\frac{1}{2}c$  an hour for such work and that a premium of  $10c$  an hour be paid for work on the shift from 11 o'clock at night until 7 o'clock in the morning, making an increase of  $29\frac{1}{2}c$  an hour. This demand would simply superimpose a substantial additional wage advance on top of wages which are already high in favour of certain employees only. The men who work shifts rotate and usually complete a cycle of working on all three shifts every three weeks. Altogether aside from the excessive amount of these increases which, for shift men, would average an additional  $5c$  an hour, the idea is wrong in principle as our more skilled employees look forward to securing an all-day turn job. Under the shift differential system, such all-day turn employees would receive lower rates of pay than many of their fellow workers with less experience or ability. There would also be inevitable dissatisfaction because those working shifts would receive a greater increase in pay than those not working shifts. We are informed that, in the steel industry in the United States where this idea has been made effective, it has not met with universal favour and, in fact, at one large company, it has been discontinued after unsatisfactory experience with it.

**UNION SECURITY:** We are emphatically opposed to any form of so-called union security insofar as our plant is concerned. The Union argues that union security makes for improved employer-employee relations. This contention has not been borne out by the experience of steel companies which have dealt with the United Steelworkers of America and conceded this demand. As a matter of fact, these companies have had the reverse experience. As an example, the United States Steel Corporation, which was the first large steel company to sign a union agreement with the United Steelworkers of America, including exclusive bargaining rights and the check-off, experienced 611 strikes at its various plants between December, 1941, and December, 1945. In January of this year, as you probably know, there was a general strike in the steel industry in the United States in breach of the contracts between the United Steel-



workers and the various companies. We maintain our right to hire and retain in our employ any law-abiding resident of Canada who performs his duties satisfactorily. We do not admit the principle that a man should be taxed to secure and hold a job unless he himself so elects. We have a very large number of employees who are not union members. The sentiment of many of them may accurately be described as strongly opposed to the United Steelworkers and their policies. We believe that a Union will be supported to the extent that it merits support; that, if it merits support, there would be no reluctance to pay Union dues, and the check-off would be unnecessary. We believe our employees should not be obligated to support any union or organization, but should be free to do so if and when they so desire. The fact that other companies producing basic steel in Canada had granted measures of union security to the United Steelworkers did not prevent strikes during wartime and union security has not prevented numerous work stoppages in other industries.

**NATIONAL RECOGNITION:** This was not included in the original list of demands, but has been given prominence recently. There is no sound reason for such a policy. The three primary Canadian producers are widely separated geographically; the products produced by them differ considerably; raw materials, which have an important effect on the cost of steel production, differ in quality and in cost of assembly; availability to points of consumption and cost of delivery to such points also vary; equipment in use differs in efficiency as well. Without the slightest desire to make comparisons which might be construed as unfavourable to the other two companies, it is nevertheless a fact that the employees of our Company enjoy advantages, already enumerated, not available to the employees of the other two companies. Furthermore, our Company has a history, also previously stated, of consistently paying higher wages than they do. It is our firm conviction that the destiny of our employees has nothing to gain by being linked with the employees of the other two companies involved in this present steel strike. If the Union can show that the employees of The Steel Company of Canada would gain anything from a national standard putting them on the same basis as the employees of Algoma and Dosco, I challenge them to do so.

**GENERAL:** We take great pride in the development of our Company and the contribution it has made to employment in Canada. Ever since it was formed, a substantial proportion of its earnings have been ploughed back into plant, either to increase production and employment or to take advantage of improved methods and machinery as they have become available. We believe firmly that industry has a three-fold responsibility:— to pay the best wages it can to its employees, to provide a fair return to its owners, the shareholders, and to give constantly improving products to its customers at the lowest possible prices consistent with the first two responsibilities. The Company believes most sincerely that, as its prosperity enables it to do so, it should share its good fortunes with its employees. It believes that, as productivity can be increased, better wages can and should be paid. Its whole history demonstrates its adherence



to such policies. It does not believe, however, that excessive demands should be exacted by such shot-gun methods as the present strike.

That this policy followed consistently has produced favourable results will be apparent from the fact that, in 1910, the Company produced ten per cent of the country's steel production, while, in 1945, the proportion was over forty per cent of a greatly increased total Canadian tonnage. At the same time, money wages and real wages have increased steadily, hours of work have been reduced and working conditions have been improved. The following figures on employment and payrolls at Hamilton Works may be of interest to the Committee:—

	Actual No. on Payroll	% of 1939	Total Wages	% of 1939
1st Quarter				
1939.....	2,831	100.0	\$ 970,890	100.0
1945.....	4,798	169.5	2,414,589	248.7
1946.....	4,932	174.2	2,438,736	251.2

You will observe with interest, I am sure, that the number on our payroll and total wages paid were both slightly higher the first quarter of this year than last year when war was still raging.

We must bear in mind this fundamental difference between conditions in Canada and the United States, namely, that whereas they depend upon exports to dispose of only about ten per cent of their national production, we, on the other hand, must dispose of approximately thirty-five per cent of our output abroad. We must, if we are to achieve the maximum employment possible, which is the objective of all, maintain our costs and prices at levels which will permit our surpluses, largely agricultural and natural in character, to compete in the markets of the world. We must maintain a balance in the purchasing power of all classes of our people which will bring about the maximum production and exchange of goods among us all. It is not the dollars and cents we earn that count, but what they will buy, and the only continuing source of wages is the prices charged for the goods produced in return for wages.

The history of what took place in the U. S. in 1920 and 1921 should not be forgotten. As many of you will recall, wages soared rapidly, but prices and the cost of living outstripped wage rates in the race. Then came the collapse. People could not or would not buy. Unemployment and distress followed. We should bend every effort to avoid a repetition now. We would be utterly stupid if we did not avoid repetition of the mistakes made then.

A copy of a message to its employees recently distributed among them by the Company is available to each member of the Committee and I hope you will all read it carefully as it will give you additional information regarding the Company and its policies.

**CONCLUSION:** The situation prevailing in Hamilton today beggars description. During the past week, we have witnessed the spectacle of the electrical workers picketing the Royal Connaught Hotel because the Westinghouse Company is carrying on some of its business in the building instead of in its Main Office at the plant, while, at the same time, mob picketing is keeping employees out of our office and compelling us to



do business in the Connaught Hotel. There are over two thousand men obeying the law of the country in the plant, and as a result of the same mob picketing, they are being compelled to forego their normal home life by others who are in open defiance of not one but several laws. Intimidation of the wives and families of the employees in the plant is rampant. Charges of this have been laid and there have already been two convictions in Police Court. Their homes are being defaced, and, as an example, I am filing a photograph with the Secretary of your Committee which you might like to look at first. On July 19, the Union issued a statement to the press that the Company is hiring hoodlums to terrify the wives of loyal employees and thus smear the Union. This is an outright falsehood. Representatives of both the Catholic and Protestant faiths made application to the Union for permission to enter the plant to conduct services yesterday, but were met with a refusal. Stories are being circulated that men are being detained in the plant by coercion and intimidation which is utterly false. On the contrary, employees are managing to make their way in every night without assistance from the Company. I can assure you that these men in the plant resent bitterly the failure of the Government to support them after they made their decision to do what they are doing and remain within the law. If that large number made the decision they did, there are unquestionably hundreds of others who would come to work if not afraid of actual violence. There have been definite cases in which employees trying to get into the plant under cover of darkness have been beaten up. We have a lengthy list of employees who have telephoned, telling us that they are anxious to join their fellow steelworkers inside the plant, if we will advise them how to get into the plant. I firmly believe, notwithstanding the strike vote taken among union members in May, and notwithstanding the number not working, that the vast majority of our employees would be working today if it were permitted. Anyone conversant with modern industry, including union officials themselves, knows that a relatively few determined men, not averse to violence, can successfully close a plant. It is also a well-known fact that once the picket line is established, it is soon reinforced by outsiders not concerned in the dispute, but looking for trouble. I believe this is the first opportunity men have had to show their wishes and continue working in a major C.I.O. strike and the results speak for themselves. In the C.I.O. strikes which have taken place in Canada, I am sure literally thousands of men who did not want to strike and who wanted to work have been forcefully restrained from doing so by the type of picketing just referred to.

I am sure the sentiment of right-thinking Canadians will be that the Government is derelict in its duty unless it requires that the Union obey the laws of the country—Municipal, Federal and Provincial—that it permit us to conduct our business under these Canadian laws, that it allow us to produce steel to serve the needs of the country, and that it enable our men, who want to work, to go to and from their work free from molestation of any kind and strictly in accordance with the laws governing picketing in Canada.



**Exhibit "A"**  
**THE STEEL COMPANY OF CANADA, LIMITED**  
 HAMILTON AND ONTARIO WORKS

**NOTICE TO EMPLOYEES**

During the proceedings before the Hon. Mr. Justice Roach, acting as a commission under the Industrial Disputes Investigation Act and the Wage Dispute between The Steel Company of Canada, Limited, and Local 1005, United Steel Workers of America (C.I.O.) this afternoon, the Company offered a general increase of 10 cents an hour to all payroll employees at Hamilton and Ontario Works in the City of Hamilton.

This offer would result in minimum weekly earnings for a 48-hour week of \$35.76 compared with the Union's demand for \$33.60 for a 40-hour week. The offer represents a total increase of 60 per cent since the outbreak of war in the minimum or starting rate which applies to less than 10 per cent of the employees of these two plants. The Company's offer would increase yearly earnings of each employee working full time at 48 hours per week, by approximately \$240.00. The Union's demands, on the other hand, including the reduction to a 40-hour week, would result in a much smaller increase in the weekly earnings of 80 per cent of the employees, and, in the case of the remaining 20 per cent, comprising the most skilled, the result of the reduced hours demanded by the Union would be an actual decrease in weekly earnings.

Present Rate:	64½c x 48 hours	.....	equals	\$30.96 per week
Union Demand:	64½c plus 19½c x 40 hours	.....	equals	33.60 per week
Company Offer:	64½c plus 10c x 48 hours	.....	equals	35.76 per week

Present Rate:	75c x 48 hours	.....	equals	\$36.00 per week
Union Demand:	75c plus 19½c x 40 hours	.....	equals	37.80 per week
Company Offer:	75c plus 10c x 48 hours	.....	equals	40.80 per week

Present Rate:	85c x 48 hours	.....	equals	\$40.80 per week
Union Demand:	85c plus 19½c x 40 hours	.....	equals	41.80 per week
Company Offer:	85c plus 10c x 48 hours	.....	equals	45.60 per week

Present Rate:	95c x 48 hours	.....	equals	\$45.60 per week
Union Demand:	95c plus 19½c x 40 hours	.....	equals	45.80 per week
Company Offer:	95c plus 10c x 48 hours	.....	equals	50.40 per week

Present Rate:	\$1.10 x 48 hours	.....	equals	\$52.80 per week
Union Demand:	1.10 plus 19½c x 40 hours	.....	equals	51.80 per week
Company Offer:	1.10 plus 10c x 48 hours	.....	equals	57.60 per week

Present Rate:	\$1.25 x 48 hours	.....	equals	\$60.00 per week
Union Demand:	1.25 plus 19½c x 40 hours	.....	equals	57.80 per week
Company Offer:	1.25 plus 10c x 48 hours	.....	equals	64.80 per week

The increase of 10 cents an hour to all employees would result in average hourly earnings for all employees at Hamilton and Ontario Works, of approximately 97 cents an hour or \$46.56 per week of 48 hours.

Contingent upon acceptance of this wage offer, the Company also stated its willingness to grant two weeks' vacation with pay to all employees with five years or more of service.

If a strike is avoided the proposed wage advance would be effective commencing July 1.

The offer represents an increase of approximately \$1,250,000 per year in the payrolls at Hamilton and Ontario Works—now approximately \$900,000 a month.

July 8, 1946.

R. A. GILLIES, *Works Manager.*

**Exhibit "B"**

**THE STEEL COMPANY OF CANADA, LIMITED**  
 HAMILTON AND ONTARIO WORKS

**NOTICE TO EMPLOYEES**

Supplementing its wage and vacation offer described in the notice posted yesterday, the Company has offered, through Commissioner, the Honourable Mr. Justice Roach, to extend to employees with twenty-five years or more of service either three weeks' vacation with pay or, if because of business or other conditions at times, this is impossible without interfering with the operations of the plant, two weeks' vacation with pay plus one week's extra pay at the commencement of each qualified employee's vacation.

July 10, 1946.

R. A. GILLIES, *Works Manager.*